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January 29, 2003

## **VIA OVERNIGHT DELIVERY**

K. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243

<b>PAID T.R.A.</b>	
Chk #	<u>34157</u>
Amount	<u>25.00</u>
Rcvd By	<u>JA</u>
Date	<u>1-30-03</u>

03-00081

**Re: Petition of Telelobe USA Inc., Telelobe USA LLC and TLGB  
Corporation for Approval of Assignment of Assets and Transfer of a  
Certificate of Convenience and Necessity and Related Transactions**

Dear Mr. Waddell:

On behalf of Telelobe USA Inc., Telelobe USA LLC and TLGB Corporation (together, the "Petitioners"), enclosed for filing are an original and thirteen (13) copies of the above-referenced Petition. Also enclosed is a check for \$25.00 to cover the requisite filing fee for the above-referenced filing.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope enclosed herein. Should you have any questions, please do not hesitate to contact Brian McDermott at (202) 424-7500.

Respectfully submitted,



Catherine Wang  
Troy F. Tanner  
Brian McDermott

Enclosure



Reston, Virginia, 20191, that provides international facilities-based and resold telecommunications services on a wholesale and retail basis throughout the United States. In Tennessee, Old Teleglobe is authorized to provide resold telecommunications services and operator services pursuant to a Certificate of Convenience and Necessity granted by the Authority in Case No. 98-00032 on July 13, 1998. Old Teleglobe, however, does not currently provide intrastate service in Tennessee. Old Teleglobe is an indirect, wholly-owned subsidiary of Teleglobe Inc., a provider of international telecommunications services in Canada and various other countries. Teleglobe Inc. is a corporation organized under the laws of Ontario, Canada.

On May 15, 2002, Teleglobe Inc. and certain of its affiliates, including Old Teleglobe (collectively, the "Canadian Debtors"), applied for an order in the Ontario Superior Court of Justice pursuant to the Companies' Creditors Arrangement Act of Canada ("CCAA"), R.S.C. 1985, c. C-36, commencing a restructuring proceeding and providing Teleglobe Inc. and its subsidiaries protection against creditor actions while they formulate a restructuring plan.

On May 28, 2002, Old Teleglobe and Teleglobe Inc.'s other U.S. subsidiaries filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. 101-1330, in the U.S. Bankruptcy Court for the District of Delaware.<sup>1</sup> Old Teleglobe's and the other U.S. subsidiaries of Teleglobe Inc.'s Chapter 11 cases (the "US Chapter 11 Proceedings" and together with the CCAA Proceedings, the "Bankruptcy Proceedings") have been consolidated for procedural purposes and are being administered jointly.

As part of the Bankruptcy Proceedings, Teleglobe Inc., Old Teleglobe, and their affiliates are undergoing a reorganization (the "Teleglobe Reorganization") which, among other steps, involves the transfer and sale of Old Teleglobe's telecommunications assets and businesses in the United States. On October 10, 2002, the Bankruptcy Court entered an Order finding that

TLGB's affiliates had submitted the highest and best offer for the U.S. assets of Teleglobe Inc. and its U.S. debtor subsidiaries (the "Sale Order"). The Sale Order also authorized Teleglobe Inc. and its U.S. subsidiaries, including Old Teleglobe, to consummate the transaction subject to receipt of regulatory approvals. A copy of the Sale Order is attached as Exhibit A.

**B. New Teleglobe**

New Teleglobe is a newly-formed limited liability company organized under the laws of the State of Delaware for the purpose of carrying out the transaction described herein. Currently, New Teleglobe is a wholly-owned subsidiary of Old Teleglobe. Following consummation of the proposed transaction, New Teleglobe will be a wholly-owned subsidiary of TLGB (TLGB's ownership is discussed in subsection C below). New Teleglobe, as the successor of Old Teleglobe, will acquire substantially all of Old Teleglobe's assets, as well as much of the experience of its personnel in providing telecommunications services. New Teleglobe's principal place of business will be 1000 de la Gauchetiere West, Montreal, Quebec H3B 4X5, Canada.

**C. TLGB**

TLGB is a Delaware holding company that, after consummation of the proposed transaction, will be the direct parent company of New Teleglobe. TLGB is an indirect wholly-owned subsidiary of Teleglobe International Holding Ltd. ("TIH"), a newly-formed Bermuda corporation.

The majority owners of TIH are four investment funds that are affiliated with Cerberus Capital Management, LP ("Cerberus"). Cerberus is a private equity fund based in New York that manages over \$8 billion in assets, including investments in the technology and

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<sup>1</sup> *In re Teleglobe Communications Corp., et. al.*, Chap. 11 Case No. 02-11518 (MFW) (Bankr. Del., May 28, 2002).

telecommunications sectors. The Cerberus funds are controlled by Stephen Feinberg, a U.S. citizen who is CEO of Cerberus.

Each of the four Cerberus funds will have at least a 10%, but less than a 50%, ownership interest in TIH. The precise ownership interests of each of the funds will not be known until shortly before closing of the proposed transaction. Collectively, however, the funds will have a greater than 50% ownership interest in TIH, and therefore will be the majority owners and controlling entities with respect to TIH.

## **II. CONTACTS**

Questions or any correspondence, orders, or other materials pertaining to this Petition should be directed to:

For Old Teleglobe and New Teleglobe:

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with a copy to:

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For TLGB:

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### **III. DESCRIPTION OF PROPOSED TRANSACTION**

In furtherance of the Teleglobe Reorganization, on September 19, 2002, Teleglobe, together with certain of its subsidiaries, including Old Teleglobe, (collectively "Sellers") and TLGB's affiliate, TLGB Acquisition LLC, executed a purchase agreement (the "Purchase Agreement") and certain ancillary agreements.<sup>2</sup> Pursuant to those agreements, Old Teleglobe formed a limited liability company under the laws of Delaware, New Teleglobe, as a wholly-owned subsidiary of Old Teleglobe. Immediately prior to the closing of the proposed transaction, Old Teleglobe will assign substantially all of its assets, including its Tennessee operating assets and Certificate of Public Convenience and Necessity to New Teleglobe. At closing, Old Teleglobe will then transfer 100% of the stock of New Teleglobe to TLGB. As a result of the transaction, New Teleglobe will succeed to the current business and operations of

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<sup>2</sup> A copy of the Purchase Agreement will be provided upon request.

Old Teleglob e and will exist as a wholly-owned subsidiary of TLGB. An illustrative chart of the Teleglob e Reorganization, including the pre- and post-reorganization corporate structure, is attached as Exhibit B. Petitioners expect to consummate the proposed transaction as soon as all of the necessary regulatory approvals are obtained. Petitioners therefore request expedited treatment of this Petition.

#### **IV. THE PROPOSED TRANSACTION WILL SERVE THE PUBLIC INTEREST**

The proposed transaction is in the public interest because it will lead to the emergence of a stronger and better-financed competitor in the Tennessee telecommunications market. Under TLGB's ownership, New Teleglob e will be able to operate in a more efficient and economical manner and will have better access to capital needed to maintain and grow New Teleglob e's competitive telecommunications business. TLGB's acquisition of Teleglob e's business will permit New Teleglob e to continue to provide the high quality services that Old Teleglob e currently offers to its customers throughout the United States. This will enhance competition and serve the public interest. Moreover, the transaction will not adversely affect Tennessee consumers. Therefore, the Authority should approve the transaction.

##### **A. The Proposed Transaction Will Enhance Competition By Ensuring The Continued Viability Of New Teleglob e**

Authority approval of the proposed transaction will serve the public interest by ensuring the continued viability of an important competitive provider of telecommunications services. Over the last few years numerous competitive carriers have been forced out of the telecommunications market. As a result, consumers and businesses have fewer competitive choices of telecommunications providers. The success of New Teleglob e, as the successor to Old Teleglob e, is critical to maintaining a competitive telecommunications market throughout the United States, including in Tennessee.

The current financial condition of Old Teleglob e and its affiliates prevents Old Teleglob e

from competing effectively for new customers. By transferring control of Old Teleglobe to TLGB, the proposed transaction will help remedy the financial problems that Old Teleglobe faces and allow it to continue to offer high-quality, competitively priced telecommunications facilities and services in the United States, including to Tennessee consumers in the future. This will benefit consumers by ensuring reasonable market prices.

**B. New Teleglobe Is Qualified To Acquire Old Teleglobe's Telecommunications Assets and to Provide Telecommunications Services in Tennessee**

Old Teleglobe has previously obtained a Certificate of Convenience and Necessity from the Authority. Thus, its qualifications to provide telecommunications services are a matter of public record. New Teleglobe, as the successor of Old Teleglobe, will obtain its assets and operations as well as much of the substantial knowledge and expertise of Old Teleglobe in providing telecommunications services. At the same time, the proposed transaction will give New Teleglobe an improved capital structure that will ensure that New Teleglobe will be able to compete effectively in Tennessee.

As discussed above, following the consummation of the proposed transaction, New Teleglobe will be ultimately controlled by four investment funds affiliated with Cerberus Capital Management, LP. Cerberus is a private equity fund based in New York that manages over \$8 billion in assets, including investments in the technology and telecommunications sectors.

As a result, following the consummation of the proposed transaction, New Teleglobe will benefit from continued assistance from some of the key personnel of Old Teleglobe, while also recruiting new qualified business people with relevant backgrounds into New Teleglobe's management team. New Teleglobe also will gain access to the experience and financial strength of TLGB and Cerberus. New Teleglobe thus will have the managerial, technical, and financial resources necessary to operate in Tennessee.

**C. The Proposed Transaction Will Not Adversely Affect the Tennessee Consumers or Operations of Old Teleglobe**

The proposed transaction will result in the creation of New Teleglobe and its immediate transfer of control to TLGB. As discussed above, Petitioners expect that much of the senior management of Old Teleglobe will continue their duties at New Teleglobe after the closing of the proposed transaction. Old Teleglobe's qualified consumer representatives will continue to serve New Teleglobe. Applicants do not anticipate any changes to the rates, terms and conditions currently offered by Old Teleglobe. In short, Petitioners expect that consumers will notice few or no changes in the services that are available from Old Teleglobe as a result of the proposed transaction.

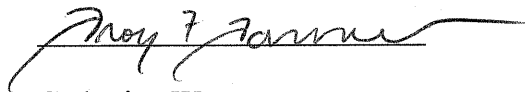
**D. Timing**

As discussed above, the proposed transaction is an important component of the Teleglobe Reorganization and securing the necessary regulatory authorities in a timely manner is key to stabilizing the assets to be sold. Accordingly, Petitioners request that the Authority commence its review of this Petition as soon as possible. Given the magnitude of Teleglobe's bankruptcy and its far-reaching effects, it is in the interest of all parties – Teleglobe, Old Teleglobe, their customers, creditors, employees, and TLGB – that the reorganization process be completed quickly. Petitioners have been mindful of the need to structure a transaction and proceed as quickly as possible to avoid any confusion or inconvenience to consumers. The public interest therefore supports commencement of the review process at this time.

## V. CONCLUSION

For the foregoing reasons, Petitioners request that the proposed *pro forma* assignment of Old Teleglobe's Tennessee assets and Certificate of Convenience and Necessity to New Teleglobe and the subsequent transfer of control of New Teleglobe to TLGB be approved.

Respectfully submitted,



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and Teleglobe USA LLC**

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**Counsel to TLGB Corporation**

## **LIST OF EXHIBITS**

**Exhibit A**

**Sale Order**

**Exhibit B**

**Illustrative Chart of Transaction**

**Verifications**

## **EXHIBIT A**

### **Sale Order**

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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re:	:	
	:	<b>Chapter 11</b>
<b>TELEGLOBE COMMUNICATIONS</b>	:	
<b>CORPORATION, a Delaware</b>	:	<b>Jointly Administered</b>
<b>corporation, et al.,<sup>1</sup></b>	:	<b>Case No. 02-11518 (MFW)</b>
	:	
<b>Debtors.</b>	:	

**ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND (f), AND 1146(c)  
OF THE BANKRUPTCY CODE AUTHORIZING DEBTORS TO  
CONSUMMATE PURCHASE AGREEMENT WITH TLGB ACQUISITION LLC**

Upon the motion dated June 10, 2002 (the "Sale Motion"), of the above-captioned debtors and debtors in possessions (each a "Debtor" and collectively, the "Debtors"), for, among other things, authority, pursuant to sections 105(a), 363(b) and (f), and 1146(c) of the Bankruptcy Code, to sell, pursuant to a Purchase Agreement dated September 18, 2002 (the "Purchase Agreement"), among certain Debtors<sup>2</sup> (the "US Debtor Sellers") and certain non-Debtor affiliates of the Debtors<sup>3</sup> (collectively, the "Sellers") and the Successful Bidder,<sup>4</sup> the Core Business and Purchased Assets (as such terms are defined in the Purchase Agreement, the "Core Business and Purchased Assets") free and clear of liens, claims and encumbrances to the Successful Bidder in accordance with the terms of the Purchase Agreement and the agreements and transactions contemplated thereby (the "Sale Transaction"), as more fully described in the Sale Motion, the Transaction Motion and the Purchase Agreement; and TLGB Acquisition LLC

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<sup>1</sup> The Debtors are the following eleven entities: Teleglobe Communications Corporation, Teleglobe USA Inc., Optel Telecommunications, Inc., Teleglobe Holdings (U.S.) Corporation, Teleglobe Marine (U.S.) Inc., Teleglobe Holding Corp., Teleglobe Telecom Corporation, Teleglobe Investment Corp., Teleglobe Luxembourg LLC, Teleglobe Puerto Rico Inc. and Teleglobe Submarine Inc.

<sup>2</sup> The selling Debtors are Teleglobe Communications Corporation, Teleglobe USA Inc. and Optel Telecommunications, Inc.

<sup>3</sup> The Sellers that are debtors in the Canadian Proceedings are referred to as the "Canadian Debtor Sellers."

<sup>4</sup> Capitalized terms utilized herein not otherwise defined shall have the meanings ascribed to them in the Sale Motion.

(including any designated affiliate or affiliates thereof, collectively, the "Buyer") having been determined to be the Successful Bidder by submitting the highest and best offer for the Core Business and Purchased Assets; and

Upon the orders of the Canadian Court, dated June 4, 2002 and October 2, 2002, respectively, (i) authorizing the Global Bidding Process and approving the Bidding Procedures; and (ii) approving the Sale Transaction, including the sale of the Core Business and Purchased Assets to the Buyer (to the extent held by the Canadian Debtor Sellers), including, but not limited to, entering into and performing under the Interim Management Agreement in substantially the form attached as Exhibit F to the Purchase Agreement (the "Interim Management Agreement") and performing any obligations (to the extent required pursuant to the agreements executed in connection with the Sale Transaction) with respect to the UK Interim Management Agreement in substantially the form attached as Exhibit F-1 to the Purchase Agreement (the "UK Interim Management Agreement") prior to the closing of the Sale Transaction; and

Upon this Court's prior order, dated June 24, 2002 (the "Procedures Order"): (i) authorizing the Global Bidding Process, (ii) approving the Bidding Procedures, (iii) fixing notice procedures and approving the form of notice, and (iv) establishing procedures for setting a date for the Sale Hearing; and

Due notice of the Sale Motion, Sale Transaction, Procedures Order, Global Bidding Process and Sale Hearing having been given to all parties entitled thereto in accordance with the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Procedures Order, as evidenced by the affidavits and certificates of service and publication filed with this Court (the "Affidavits"); and the Sale Hearing having been held before this Court on October 9,

2002, at which time parties in interest were afforded an opportunity to be heard; and upon all of the proceedings had before the Court and the evidence received in connection therewith;

NOW, THEREFORE, upon the entire record of the Sale Hearing and these cases; and after due deliberation thereon; and good cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:<sup>5</sup>

1. This Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§157 and 1334.

2. Determination of the Sale Motion is a core proceeding under 28 U.S.C. §§157(b)(2)(A) and (N). The statutory predicates for the relief requested herein are sections 105(a), 363(b) and 1146(c) of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, and 6006.

3. Proper, timely, adequate and sufficient notice of the Sale Motion, Sale Transaction, Sale Hearing and Global Bidding Process has been provided in accordance with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006 and the Procedures Order, and no other or further notice of the Sale Motion, Sale Transaction, Sale Hearing and Global Bidding Process or the entry of this Order is required.

4. A reasonable opportunity to object or be heard regarding the relief requested in the Sale Motion has been afforded to all interested persons and entities, including (i) the Official Committee of Unsecured Creditors (the "Creditors' Committee") appointed in these chapter 11 cases; (ii) the Office of the United States Trustee for the District of Delaware; (iii)

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<sup>5</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

counsel to the Debtors' postpetition lender; (iv) counsel to the lenders under the Canadian Credit Facility; (v) counsel to the Informal Committee of Noteholders; (vi) counsel to Bank of Montreal; (vii) counsel to the Monitor; (viii) all parties who have made written expressions of interest in acquiring the Core Business within two (2) months prior to the date of the Procedures Order; (ix) all parties submitting bids for the Core Business in accordance with the Global Bidding Process; (x) all appropriate federal, state and local taxing authorities; (xi) any party asserting a lien on the US Debtor Sellers' assets; (xii) the Federal Communications Commission; and (xiii) all parties having filed a notice of appearance in the Debtors' chapter 11 cases pursuant to Bankruptcy Rule 2002.

5. The Debtors and the Monitor have full power and authority to consummate the Sale Transaction pursuant to the terms of the Purchase Agreement and all other documents contemplated thereby, and no consents or approvals, other than those expressly provided for in the Purchase Agreement (including the schedules thereto), including without limitation, the Interim Management Agreement and UK Interim Management Agreement, are required for the Debtors and the Monitor to consummate such transactions.

6. The Sale Transaction reflects the exercise of the Debtors' sound business judgment.

7. Approval of the Sale Transaction and the consummation of the transactions contemplated thereby, are in the best interests of the Debtors, their estates and parties in interest. Good and sufficient business justification for consummating the Sale Transaction pursuant to sections 105(a), 363(b) and 1146(c) of the Bankruptcy Code, has been established in that, among other things:

- (a) The Telelobe Companies' intention to proceed with an expedited sales process was outlined to major creditor groups prior to the initiation of the Canadian Proceedings, the Ancillary Proceedings and the commencement of these chapter 11 cases;
- (b) The Telelobe Companies, with the assistance of Lazard, have marketed the Core Business since the last week of April of 2002 (the "Marketing Period"). The parties likely to have an interest in the Core Business were identified and discussions were had with parties who expressed interest. Lazard contacted over 30 eligible parties during the Marketing Period and established the Data Room to allow parties to conduct due diligence. Approximately 13 interested parties conducted due diligence in the Data Room with respect to the entire Core Business and approximately 12 other interested parties conducted due diligence in the Data Room with respect to portions of the Core Business;
- (c) The value of the Core Business and Purchased Assets is unlikely to appreciate with time in a restructuring proceeding. The critical nature of telecommunication services is not conducive to maintaining customers in an uncertain environment. Retaining revenue in any type of protracted restructuring with an uncertain outcome is extremely difficult; and
- (d) The Global Bidding Process and Bidding Procedures provided a forum in which the potential for conflicts of interest was addressed and maximized the likelihood that potential purchasers would participate in the process.

8. The terms and conditions of each of the Purchase Agreement, Interim Management Agreement and UK Interim Management Agreement are fair and reasonable. The purchase price under the Purchase Agreement (the "Purchase Price") represents the highest and best offer for the Core Business and Purchased Assets and is fair and constitutes reasonably equivalent value for the Core Business and Purchased Assets.

9. The Global Bidding Process was conducted without collusion and in good faith. Each of the Purchase Agreement, Interim Management Agreement and UK Interim Management Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith, and from arm's length bargaining positions. The Buyer is not affiliated

with any of the Debtors and is a purchaser in good faith of the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers) and, as such, is entitled to the protections afforded thereby by section 363(m) of the Bankruptcy Code. None of the Debtors, the Monitor or the Buyer has engaged in any conduct that would cause or permit the Purchase Agreement and the transactions contemplated thereby to be avoided under section 363(n) of the Bankruptcy Code.

10. The transfer by the US Debtor Sellers of the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers) to the Buyer pursuant to the Purchase Agreement (a) will be a legal, valid and effective transfer of property or rights in, of or to the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers) to the Buyer, and (b) except as provided in the Purchase Agreement, such rights of, to or in the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers) will vest the Buyer with good and marketable title to the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers), free and clear of all liens, claims, interests, and encumbrances under section 363(f) of the Bankruptcy Code.

11. Except as provided in the Purchase Agreement, Interim Management Agreement or UK Interim Management Agreement, consummation of the Sale Transaction does not and will not subject the Buyer to any debts, liabilities, obligations, commitments, responsibilities or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, of or against the Debtors, any affiliate of the Debtors, or any other person by reason of such transfers and assignments under the laws of the United States, any state, territory or possession applicable to

such transactions; provided, however, the Buyer shall be liable for payment of the Assumed Liabilities as provided in the Purchase Agreement.

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12. All of the provisions of this Order and the Purchase Agreement are nonseverable and mutually dependent.

13. The relief requested in the Sale Motion is in the best interests of the Debtors, their estates and parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Sale Motion be, and it hereby is, granted in its entirety; provided, however, the Debtors shall file one or more Motions to approve the assumption and assignment of the Assigned Contracts and Leases to the Buyer pursuant to the Purchase Agreement (the "Assumption Motion(s)") and one or more Motions to reject those contracts and leases designated as contracts and leases to be rejected by the Buyer pursuant to the Purchase Agreement.

2. All objections, if any, to the Sale Motion or the relief requested therein or the sale of the Core Business and Purchased Assets (to the extent held by the US Debtor Sellers) to the Buyer pursuant to the terms and conditions of the Purchase Agreement, or the entry into the Interim Management Agreement that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits.

3. The Sale Transaction and the terms and conditions and transactions contemplated by the Purchase Agreement, including, but not limited to, (i) the sale of the Core

Business and Purchased Assets (to the extent held by the US Debtor Sellers) to the Buyer; (ii) the assumption of the Assumed Liabilities (other than Assumed Liabilities under the Assigned Contracts and Leases) by the Buyer; and (iii) the execution of the Interim Management Agreement, are hereby authorized and approved in all respects, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code.

4. The terms and conditions of the Interim Management Agreement (to the extent such relate to the US Debtor Sellers) and the UK Interim Management Agreement (to the extent such relate to the US Debtor Sellers), including, without limitation, the exercise of all rights by the Manager (as defined in each of the Interim Management Agreement and the UK Interim Management Agreement) and all other rights and authority granted to the Manager therein are hereby approved.

5. The Debtors and the Buyer are hereby authorized to take all steps necessary or incidental to implementing the Migration Transactions (as defined in the Purchase Agreement) relating to the Debtors' voice and related data telecommunications business described as the Core Business in the Purchase Agreement, as contemplated by the Purchase Agreement and the Interim Management Agreement, and any and all such steps taken by the Debtors or the Buyer in furtherance of such Migration Transactions relating to the Core Business to date, be and the same are hereby approved.

6. The sale of the Core Business and Purchased Assets may be directly by the US Debtor Sellers or indirectly by one or more Newcos (as described in the Purchase Agreement), the assumption of the Assumed Liabilities may be directly from the US Debtor

Sellers or indirectly from one or more Newcos, and either the US Debtor Sellers or any Newcos, or a combination thereof, as appropriate, may execute the Interim Management Agreement.

7. The Purchase Agreement is hereby approved in all respects. Pursuant to section 363(b) of the Bankruptcy Code, the US Debtor Sellers are hereby authorized, directed and empowered to fully assume, perform under, consummate and implement the Purchase Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement and the transactions contemplated thereby, and to take all further actions as may reasonably be requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer or reducing to possession any or all of the Purchased Assets or Assumed Liabilities, or as may be necessary or appropriate to the performance of the US Debtor Sellers' obligations as contemplated by the Purchase Agreement without any further corporate action or orders of this Court.

8. Except as provided in the Purchase Agreement in connection with the Assumed Liabilities, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the closing under the Purchase Agreement, the Core Business and Purchased Assets owned by the US Debtor Sellers shall be transferred to the Buyer, directly by the US Debtor Sellers or indirectly by one or more Newcos, free and clear of all pledges, liens, judgments, demands, encumbrances, easements, restrictions or charges of any kind or nature if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership (the "Liens"), with all such Liens to attach to the portion of the net proceeds, to be allocated at a later time among the Sellers, of the Sale Transaction (collectively, without taking into account any allocation, the "Sale Proceeds") in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets, all

subject to the rights, claims, defenses and objections, if any, of the Debtors and all interested parties with respect to such Liens.

9. Nothing in this Order shall be deemed an adjudication of the extent, validity or priority of any Liens asserted in or against the Purchased Assets.

10. All Sale Proceeds shall be held in a segregated account pending further order of the Canadian Court and this Court.

11. The Sale Proceeds shall be allocated among the Sellers by the Teleglobes Companies, including the US Debtor Sellers, at a later time. The right of the Creditors' Committee and lending syndicate under the Debtors' prepetition credit facility to object to any proposed allocation of the Sale Proceeds is hereby reserved until such time and this Court shall not be bound by any prior determination of the Canadian Court as to the appropriate allocation of the Sale Proceeds.

12. Any breakup fee or expense reimbursement to which the Buyer may become entitled (including the Breakup Fee and Expense Reimbursement (each as defined in the Purchase Agreement)) shall be the sole obligation of Teleglobes Inc., shall not be paid (in whole or in part) by the Debtors and shall not be paid (in whole or in part) out of any Sales Proceeds allocated to the Debtors.

13. This Order is and shall be (a) effective as a determination that, on the Closing Date, all Liens existing as to the Purchased Assets prior to the Closing Date have been unconditionally released, discharged and terminated, and that the conveyance of the Purchased Assets has been effected, and all parties asserting one or more Liens are hereby permanently

enjoined from asserting any such Lien against the Purchased Assets or the Buyer, (b) binding upon and govern the acts of all entities including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets.

14. This Order, the Purchase Agreement, the Interim Management Agreement and the UK Interim Management Agreement (to the extent any of the US Debtor Sellers are responsible for obligations thereunder) shall be binding on and inure to the benefit of any assignee or designee of the Sellers, the Debtors or the Buyer, including any chapter 7 or 11 trustees that may be appointed for the Debtors.

15. If any person or entity that has filed financing statements or other documents or agreements evidencing Liens on or interests in the Purchased Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens or other interests which the person or entity has with respect to the Purchased Assets, the Debtors and the Monitor are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Purchased Assets.

16. This Court retains jurisdiction (i) to enforce and implement the terms and provisions of the Purchase Agreement, Interim Management Agreement and UK Interim Management Agreement with respect to the Core Business and Purchased Assets located in the United States, all amendments thereto, any waivers and consents thereunder, and of each of the agreements, documents and instruments executed in connection therewith; (ii) to compel delivery of the Purchased Assets located in the United States to the Buyer directly from the Debtors or indirectly through any Newco; (iii) to compel delivery of the final Purchase Price to the Sellers under the Purchase Agreement; (iv) to resolve any disputes, controversies or claims arising out of or relating to the Purchase Agreement; and (v) to interpret, implement and enforce the provisions of this Order.

17. In the absence of a stay pending appeal, if the Buyer elects or is required to consummate the Sale Transaction at any time after entry of this Order, then with respect to the Sale Transaction, including any assumption and assignment of any Assigned Contracts and Leases that are assumed and assigned pursuant to one or more orders approving the Assumption Motion(s) (the "Assumption Order(s)"), the Buyer shall be entitled to the protections of section 363(m) of the Bankruptcy Code if this Order or any authorization contained herein is reversed or modified on appeal.

18. The terms and provisions of the Purchase Agreement, Interim Management Agreement and UK Interim Management Agreement (to the extent a party thereto), together with the terms and provisions of this Order, shall be binding in all respects upon the US Debtor Sellers, the Buyer, and their respective affiliates, successors and assigns, and any affected third parties including but not limited to all nondebtor parties to the Assigned Contracts and Leases that are assumed and assigned pursuant to the Assumption Order(s) and the Assumed

Liabilities to be assigned to the Buyer pursuant to the Purchase Agreement (other than Assumed Liabilities under the Assigned Contracts and Leases), and persons asserting a claim against or interest in the US Debtor Sellers' estates or any of the Purchased Assets to be sold to the Buyer pursuant to the Purchase Agreement.

19. The failure specifically to include any particular provisions of the Purchase Agreement, Interim Management Agreement or UK Interim Management Agreement in this Order shall not diminish or impair the efficacy of such provisions, it being the intent of the Court that the Purchase Agreement, Interim Management Agreement and UK Interim Management Agreement be authorized and approved in their entirety.

20. The Purchase Agreement, Interim Management Agreement, UK Interim Management Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement has no material adverse effect on the Debtors' estates or their creditors.

21. The transfer of the Purchased Assets to the Buyer, is not subject to taxation under any state or local law imposing a stamp, transfer or similar tax in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code; provided, however, to the extent that proceeds are made available and allocated with respect to the sale of the Core Business and Purchased Assets owned by the US Debtor Sellers, such proceeds will be made available to fund a plan of reorganization or a liquidating plan of reorganization or an amount sufficient to satisfy any such taxes shall be segregated pending further order of the Court.

22. As provided by Bankruptcy Rules 6004(g) and 6006(d), this Order shall be effective and enforceable immediately upon entry and the Buyer and the Debtors are authorized to take all actions and enter into any and all agreements that they deem necessary or appropriate with respect to the Sale Transaction as authorized by this Order immediately.

23. Nothing in this Order shall, or shall be deemed to, constitute authorization for the US Debtor Sellers to assume and assign to the Buyer any executory contract or unexpired lease under the Purchase Agreement. Any authorization by the Court of assumption(s) and assignment(s) of executory contracts or unexpired leases with the US Debtor Sellers shall be pursuant to the Assumption Motion(s), consideration of which shall be unaffected by this Order and without prejudice to the right of any non-Debtor contracting party to assert any right it may have under such executory contracts or unexpired leases, including, without limitation, any right of offset or recoupment that may exist, or any right pursuant to section 365 of the Bankruptcy Code, including, without limitation, to (i) seek adequate assurance of future performance by the Buyer; (ii) seek a determination of the amount required to cure any existing default under its respective executory contract(s) or unexpired lease(s); or (iii) seek to require the US Debtor Sellers to assume all, and not portions of, its respective executory contract(s) or lease(s).

24. The approval of the Sale Transaction is without prejudice to:

- (a) all rights, claims and remedies (including, without limitation, derivative rights of action) which existed as at May 28, 2002 that any of the Debtors, creditors of the Debtors, or any representative of creditors of the Debtors, including, without limitation, any receiver, trustee in bankruptcy or other court-appointed officer of any of the Teleglobe Companies may have against any of the Teleglobe Companies, BCE Inc. and its subsidiaries and/or affiliates (collectively, "BCE"), and/or any of the officers or directors of any member of the Teleglobe Companies or BCE (collectively, the "Preserved Claims Group") relating directly or indirectly to the Teleglobe Companies and/or to any matters or

activities of the Preserved Claims Group involving the Core Business and Purchased Assets, including without limitation, those relating to the transactions which are subject to the Bell Canada Contracts (as defined in the Purchase Agreement) and the Assignment and Assumption Agreement dated January 1, 2001 among Telelobe Inc., Bell Canada and BCE Nexxia Inc., (collectively, the "Preserved Claims"); and

- (b) any rights, claims and remedies which existed as at May 28, 2002 that (i) BCE or (ii) any of the Telelobe Companies may have against those persons enumerated in paragraph 24(a) (the "Preserved Counter Claims");

and the Preserved Claims and Preserved Counter Claims are hereby reserved and, notwithstanding the terms of the Purchase Agreement, the Preserved Claims and Preserved Counter Claims are expressly excluded from the Core Business and Purchased Assets, provided that the Preserved Claims and Preserved Counter Claims may not be advanced against the Buyer or the Core Business and Purchased Assets, and further, provided that nothing in this paragraph 24 shall in any manner or to any extent limit or restrict the Transfer (as defined in the Purchase Agreement) of the Core Business and Purchased Assets or the Buyer's rights under the Interim Management Agreement (including, without limiting the generality of the foregoing, the Bell Canada Contracts (as defined in the Purchase Agreement) and the Assignment and Assumption Agreement dated January 1, 2001 among Telelobe Inc., Bell Canada and BCE Nexxia Inc. (together with the Bell Canada Contracts, the "Bell Contracts"), and the other Contracts and the Current Assets as defined in the Purchase Agreement), free and clear of all Liens as set forth in decretal paragraph 8 of this Order and for greater certainty the reservation of any such Preserved Claims and Preserved Counter Claims herein shall not under any circumstances in any way impact or affect the purchase, Transfer or the use of the Core Business and Purchased Assets in the ordinary course of the operation of the acquired business by the Buyer.

25. Nothing in this Order shall effect an assignment of, or determine the rights among the parties, as to the Bell Contracts referred to in paragraph 24 between Bell Canada, BCE Nexxia Inc., Teleglobe Inc. and the Buyer which are the subject of current negotiations as to an assignment and may be subject to further orders in these proceedings.

26. The Buyer be and is hereby required to preserve and maintain the Transferred Books and Records (as defined in the Purchase Agreement); provided that nothing herein shall require the Buyer to preserve and maintain the Transferred Books and Records other than as it would in the ordinary course of its business.

27. Upon request by the Debtors, the Creditors' Committee, any party to a Preserved Claim or Preserved Counter Claims or other Court-appointed officer, the Buyer shall, at the expense of the requestor (with respect to out-of-pocket costs) make the Transferred Books and Records available pursuant to a step taken in any proceeding on prior notice (to be given by any requestor) to any interested parties, to the requestor for use in any judicial or regulatory proceeding or proceedings in respect of, or related to, the Preserved Claims and Preserved Counter Claims; provided that nothing herein shall require the Buyer to preserve and maintain the Transferred Books and Records other than as it would in the ordinary course of its business.

28. In connection with the transaction contemplated by the terms of this Order, unless Cap Gemini Ernst & Young ("CGE&Y"), the Debtors and the Buyer agree otherwise, the Debtors will not sell, assign or otherwise transfer to the Buyer any CGE&Y property or any equipment that contains electronic versions of CGE&Y property that: (i) constitutes a non-exclusive license pursuant to the Master Services Integration and Development Agreement dated as of July 31, 2001, as amended and otherwise modified from time to time ("MSIDA"), or (ii) has been rejected pursuant to the rejection of the MSIDA by Teleglobe Inc.

29. Nothing in this Order shall: (i) impair the rights of CGE&Y to request that the Debtors return or destroy, and certify the destruction of, any CGE&Y property that has been rejected in accordance with the rejection of the MSIDA by Teleglobe Inc., if any, or (ii) impair any of the Debtors' defenses to any such request made by CGE&Y.

Dated: October 10, 2002  
Wilmington, Delaware

  
UNITED STATES BANKRUPTCY JUDGE

## **EXHIBIT B**

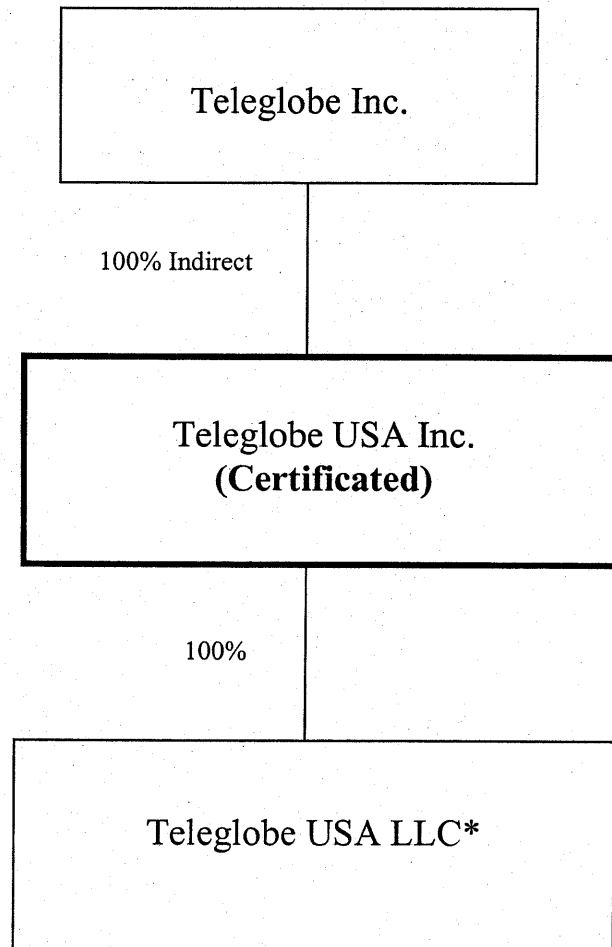
### **Illustrative Chart of Transaction**

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# Illustrative Chart of Reorganization

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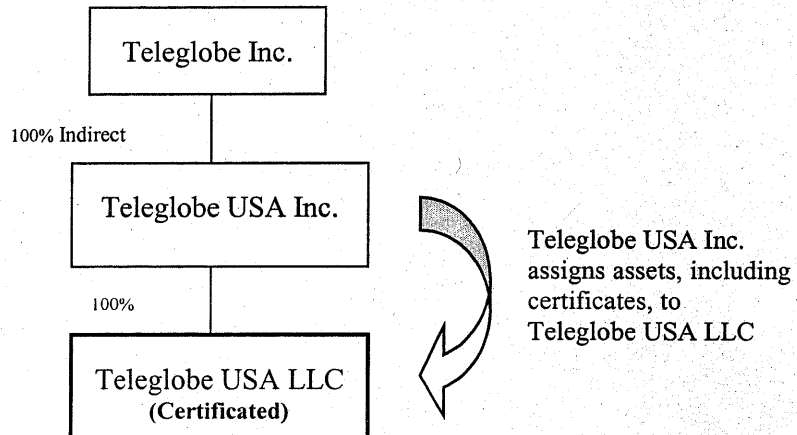
## Current Structure



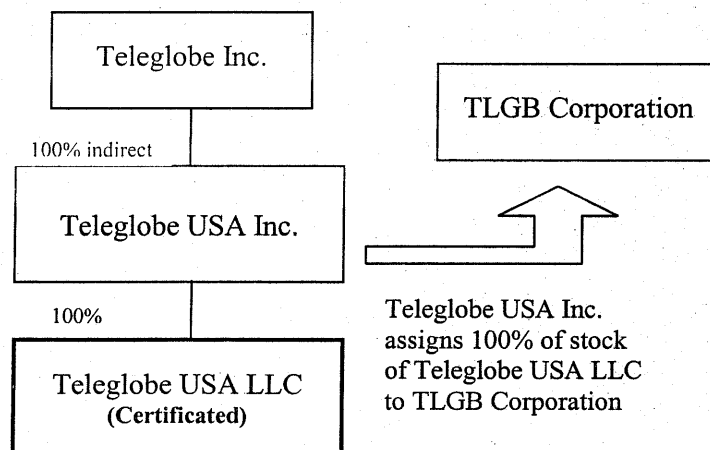
\* Teleglobe USA LLC was recently created for the purposes of the reorganization.

# Illustrative Chart of Reorganization

## STEP 1: Transfer of Assets to New Teleglobe

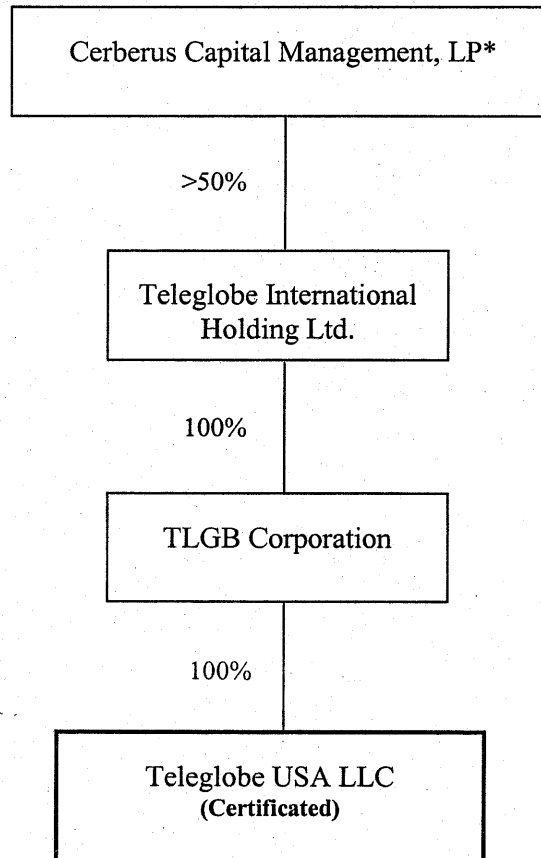


## STEP 2: Transfer of Control of New Teleglobe



# Illustrative Chart of Reorganization

## Post-Reorganization Structure



\* Cerberus Capital Management LP's interest will be held through four investment funds: Cerberus Institutional Partners, L.P., Cerberus Institutional Partners (America), L.P., Cerberus Partners, L.P., and Cerberus International, Ltd. Each of the funds will hold at least a 10% interest, but less than a 50% interest, in Teleglobe International Holding Ltd. ("TIH"). Collectively, the funds will have a greater than 50% controlling interest in TIH and, thus, in TLGB Corporation and Teleglobe USA LLC. The Cerberus funds are controlled by Mr. Stephen Feinberg.

## VERIFICATIONS

COMMONWEALTH OF VIRGINIA

:

:

SS.

COUNTY OF FAIRFAX

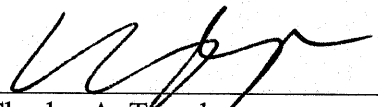
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### VERIFICATION

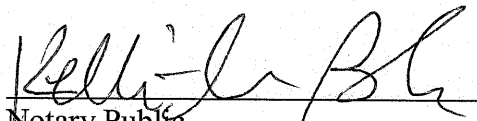
I, Charles A. Tievsky, state that I am Assistant General Counsel of Teleglobe USA Inc., Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Teleglobe USA Inc.; that the foregoing Application was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Teleglobe USA Inc. and Teleglobe Inc. are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 27, 2003, at Reston, Virginia.

  
\_\_\_\_\_  
Charles A. Tievsky  
Assistant General Counsel  
Teleglobe USA Inc.

Sworn and subscribed before me this 27 day of January, 2003.

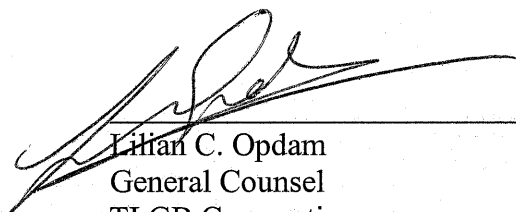
  
\_\_\_\_\_  
Notary Public

My commission expires: 12/31/2004

## VERIFICATION

I, Lilian C. Opdam, state that I am General Counsel of TLGB Corporation, Petitioner in the foregoing Petition; that I am authorized to make this Verification on behalf of TLGB; that I have read the foregoing Petition and know the contents thereof; and that the statements therein with respect to TLGB Corporation are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 29 day of January, 2003.



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Lilian C. Opdam  
General Counsel  
TLGB Corporation